

CORRECTED MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE
MONDAY, JANUARY 22, 2007, 2:00 P.M.
Room W020, West Office Building, State Capitol Complex

Members Present: Sen. Greg Bell, Co-Chair
Rep. Kory M. Holdaway, Co-Chair
Sen. Curtis Bramble
Sen. Dan Eastman
Sen. Brent Goodfellow
Rep. Ron Bigelow
Rep. Mel Brown
Rep. David Clark
Rep. Brad Daw
Rep. John Dougall
Rep. Kay McIff
Rep. Scott L. Wyatt
Rep. Chris Johnson
Rep. Carol Spackman Moss
Rep. LaWanna “Lou” Shurtliff

Staff Present: Spencer Pratt, Senior Legislative Fiscal Analyst
Rolayne Day, Secretary

Public Speakers Present: Commissioner Richard Kendell
Pres. Bill Sederburg, UVSC
David Feitz, Executive Director, UHEAA
Kent Larson, Director of Student Aid, UHEAA
Whitney Kevern, SLCC Studentbody President
Steve Keisel, SUU Studentbody President
Noah Riley, USU Studentbody President
Jacob Kirkham, UU Studentbody President
Lynn Ward, Utah Education Savings Plan

A list of visitors and a copy of handouts are filed with the committee minutes.

1. Call to Order—Committee Co-Chair Bell called the meeting to order at 2:10 p.m.
2. Approval of Minutes

MOTION: Rep. Clark moved to approve minutes of the January 17, 2007, meeting.

The motion passed unanimously with Sen. Bramble and Reps. Brown, Dougall, Moss and Shurtliff absent for the vote.

3. USHE Position on Utah Valley State College Proposal for University Status—Pres. Bill Sederburg introduced those in attendance in support of UVSC. Commissioner Kendell gave a brief history of UVSC tracing its origins to 1941 as the Central Utah Vocational School. Today

there are over 23,000 headcount students with 13,877 budget-related FTE. Ten years ago the headcount was 14,041 and the budget-related FTE was 8,147. UVSC offers 51 bachelor degrees, dozens of associate degrees, as well as diplomas and certificates.

If UVSC moves to university status, it would have a regional mission with a comprehensive undergraduate program as the primary focus. There is no intention for UVSC to be a research university. The first master's degree would likely be a teaching degree to meet demands of the state. Other graduate degrees will emerge over time, and the Regents will deal with them one at a time when they are proposed.

The Utah Valley Region has grown significantly and BYU has become a more international university and is taking far fewer local students. UVSC needs to respond to the economic and workforce needs of the region.

Commissioner Kendell said that the change process has been collaborative so that it is both educationally and fiscally sound. A simple name change is not the goal—the Regents want the Legislature to invest in an institution that can grow over time.

Discussions with the Legislature and the Governor's Office have identified eight defining issues/steps: (1) the change needs to be a collaborative process; (2) there will be site visits/evaluations by three experienced experts/consultants; (3) the institutional peer group will be reassessed; (4) a case statement will be developed that includes regional and state workforce needs, unmet economic development opportunities, regional requirements for certain industries, educational programs for which there is a compelling state need, importance of an enriched learning environment for students and faculty in which both could experience research opportunities; (5) exploration of finance-related organizational issues including teaching load, ratio of full-time/adjunct faculty, ratio of advisors/ students, and student retention and matriculation into upper-division course work; (6) new degrees will be initiated that reflect the status of comprehensive state colleges; (7) graduate degree programs intended for development will be identified; and (8) the quality of library services will be improved and the facility consistent with regional state university peer group.

Commissioner Kendell said UVSC has responded effectively to the issues that have been raised. The Regents propose that UVSC move to a Type II university granting predominantly bachelor's degrees and a few master's degrees. The \$10 million request will get them started, but will not get UVSC to the average of the peer institutions with university status. UVSC has requested \$3 million in their own budget for the change; \$1.5 million would strengthen the undergraduate programs and align adjunct ratios and faculty workload; \$700,000 would be used for advising and student support services; and \$800,000 would be used for new undergraduate degree programs.

Rep. Holdaway asked if the UVSC Trustees and the College are content with the phased approach. Commissioner Kendell said there is a sense of urgency, but the budget and proposal are reasonable. The \$10 million could be appropriated in two or three installments if necessary. Commissioner Kendell said the transition could happen more quickly if there is more money, but there are several issues that need to be taken care of before the change is complete. For one, the library should be completed and it will not be done until the spring of 2008.

Pres. Sederburg referred the committee to a handout entitled *The Rationale for a University Mission*. The center foldout shows the requirements necessary for the change. It looks like a lot to do, but UVSC has added over 200 full-time faculty in the last few years. The 51% adjunct ratio is still higher than peer institutions, and they need to bring that down closer to the national average of 45%.

Sen. Bramble said phasing in the status change in a step-funded process will give UVSC enough time to adequately prepare. Rep. Daw said Utah Valley has a lot of high-tech industries that need a university to succeed. BYU doesn't fill that roll any more. Following a question from Rep. Moss, Pres. Sederburg said the projected growth is 30,000 to 35,000 students in the next 15 years. Enrollment is up 1,000 students this year when other institutions have seen a decline. The population of Utah County is approaching 1,000,000 and most areas of that size have two or three universities to serve the public.

Rep. Bigelow asked how UVSC will retain the ATC mission. Commissioner Kendell said UVSC and the Mountainland Applied Technology College (MATC) are working out what their respective missions will be. The majority of MATC courses will be short-term, certificate programs. The degree programs will continue to be at UVSC because that is their bread and butter. Pres. Sederburg said they will continue the community college role much like Weber State does. Although UVSC will maintain the credit programs and make sure they are college-level, there will be a change to more sophisticated programs.

Rep. Goodfellow asked how the mission change will affect faculty load. Pres. Sederburg said the average credit hours taught per year would be reduced from 27.5 to 24, the national standard for regional universities. The change doesn't reduce the work load, it just shifts it to other areas.

Sen. Bramble asked how much is absolutely needed this year to move forward. Commissioner Kendell said the minimum is \$3 million. The Regents don't want to see students bear the burden for the change through tuition increases.

Rep. Brown asked what kind of preparations have been made with the community and business leaders to deal with the increased student population. Pres. Sederburg said there is strong support from the community. Rep. Brown asked if there will be changes in the athletic programs. Pres. Sederburg said they are already on the path to Division 1 and winning more than half of their games.

Sen. Bell said UVSC is in a very unique situation with BYU's mission change. The excellence of the system is how true the institutions have stayed to their core mission and to the customer base. Pres. Sederburg said eight of the ten USHE schools evolved out of the LDS Church and then evolved to meet the needs of the communities. Utah doesn't have tax-based community colleges like most other states. UVSC and SLCC are the only state-created institutions. The biggest issue is that Utah doesn't have a clearly defined system. Pres. Sederburg said his pledge is to serve the needs of the population rather than serve internal pressures. UVSC will be market-driven and educate in a student-centered format. He also noted that there are several buildings that will need to be built in the next few years to meet the mission change.

4. USHE Financial Aid (Issue Brief USHE – 03)—Analyst Spencer Pratt said that financial aid programs help students afford the cost of higher education and are becoming more and more important as tuition costs increase. Several federal programs require a state match, most of which are 25%, however the Leveraging Educational Assistance Partnership (LEAP) is a grant program that requires a two-for-one match. The Analyst recommends ongoing state funding of \$210,300 to cover the state match.

The Utah Centennial Opportunity for Education (UCOPE) program provides need-based financial aid for Utah residents. The ongoing base is almost \$2 million with \$2.25 million in one-time funding from FY 2007. The Analyst recommends that the \$2.25 million be converted to ongoing funding with an increase of \$899,100 to compensate for tuition increases.

The New Century Scholarship provides a two-year scholarship of up to 75% of tuition for students who complete an associate degree by the September after high school graduation. There have been 1,200 students who have taken advantage of this opportunity since 1999. Page 8 of the Issue Brief gives statistics and the history of the scholarship. Mr. Pratt said the enacting statute for the New Century Scholarship says, "The Legislature shall make an annual appropriation from the General Fund to the State Board of Regents for the costs associated with the New Century Scholarship program authorized under this section." The Analyst recommends \$437,500 for FY 2008 and \$130,000 for the current fiscal year.

The T. H. Bell Incentive Program pays for up to four years of tuition and fees and can be repaid by teaching year for year equal to the time the scholarship was used. If the loan is not paid through teaching, it must be repaid with interest. The table on page 9 of the issue brief shows that 1,134 students have participated in the program—213 are current students. Of the 921 non-students, 654 have repaid their loan, at least in part, through teaching. In order to fund the 365 awards that must be maintained through statute, \$692,300 is required.

Rep. Wyatt asked Mr. Pratt to find information on New Century Scholarship recipients. What are the majors, how long did it take them to finish, etc. Mr. Pratt will try to get that information.

Rep. Clark asked if the fiscal analysts are coordinating funding recommendations to meet the \$10 million supplemental cap for FY 07. Mr. Pratt will get that information and bring it back to the Committee.

David Feitz, Executive Director, Utah Higher Education Assistance Authority (UHEAA), said reductions in Pell Grants in 2005–2006 totaled \$10.3 million for USHE students. Money given last year by the Legislature has helped offset the loss. UVSC is the highest recipient of Pell Grants in the state, about \$17 million last year. Much of higher education's purchasing power at the federal level is fading and shifting to loans or the students are dropping out of programs.

Mr. Feitz said that UCOPE gives small awards to more students to help as many as possible. He read letters of thanks from students who have been helped with UCOPE financial aid.

More loans are being taken out by students as grants have decreased. Students also have to borrow because of tuition increases, family size and stagnant wages. Utah is not unique, it is a national trend that has been going this direction for more than ten years.

Many of the New Century Scholarships are earned by rural students because the high school counselors are educating parents and students in rural areas. Rep. Goodfellow said there are not enough teachers with master's degrees in the high schools that can teach concurrent enrollment courses. Rep. Holdaway said rural areas use distance education so the opportunities are there. Rep. Goodfellow said some schools are not connected enough to offer distance education. Rep. Wyatt said his son's high school counselor discouraged trying for the New Century Scholarship. Rep. Moss said students give up activities they enjoy because of the time involved to get the associate's degree by the deadline and it isn't right for every student.

Rep. Holdaway assumed the committee chair.

5. Need Based Financial Aid—Whitney Kevern, SLCC Studentbody President, introduced other studentbody presidents in attendance. The students support the Board of Regents' request for financial aid. The students support the base budget for financial aid at \$1,983,800 with an additional \$2,250,000 in one-time funding. This is estimated to impact 5,239 students.

Sen. Bell assumed the committee chair.

Steve Keisel, SUU Studentbody President; Noah Riley, USU Studentbody President; and Jacob Kirkham, UU Studentbody President, read letters from several students who would not have been able to get their education without financial aid. Mr. Kirkham said financial aid results in higher participation and completion rates. The *Deseret News* reported that the average student graduates with about \$15,000 in loans. The students support the Regents' request of \$3,149,100 to help about 5,000 students across the system to complete their education. Rep. Johnson noted that she used financial aid as a single mother to get her education, and it is very important.

6. Utah Educational Savings Plan—Lynne Ward, Director of the Utah Educational Savings Plan (UESP), said UESP is Utah's 529 college savings plan. She discussed the success of the Plan and some of the people who participate and use the savings.

UESP ended last year with over \$1.9 billion with returns and new contributors coming in continually. Most of the \$1.9 billion belongs to non-Utahns who get charged a higher fee. There were 87,000 accounts by the end of 2006.

No minimum contribution or account size is required, and the money can be used for tuition, fees, room, board, books, supplies and required equipment at any eligible educational institution. Investment options can be changed as often as once per calendar year and investors can change a beneficiary to another family member at any time. Accounts can be created for almost anyone, such as a child, grandchild, godchild, neighbor, or friend—even yourself. A recipient can go to any school that participates in federal financial aid. The account can even accommodate a scholarship.

Ms. Ward discussed different investment options, various fees or lack of fees that other plans charge, and federal and state tax benefits that act as incentives for contributions.

Ms. Ward said the UESP is trying to get the word out to Utah families. They have begun a backpack brochure campaign in the public schools, a business and institution campaign, entered

into a partnership with Radio Disney, gone to speaking engagements, set up booths at events, entered a Utah Saves partnership, and sponsored TV commercials.

Sen. Bell said it is a wonderful program and Ms. Ward is doing a great job. Ms. Ward said there is no State money involved in UESP, so fees totally support the program. They have to watch the rest of the market where more and more 529s are becoming like UESP. They need to pay attention and stay competitive and still be able to provide a good program.

Sen. Bell asked committee members to contact the co-chairs if items need to be placed on future agendas.

MOTION: Rep. Daw moved to adjourn.

Sen. Bell adjourned the meeting at 4:52 p.m.

Minutes were reported by Rolayne Day, Secretary.

Sen. Greg Bell, Committee Co-Chair

Rep. Kory M. Holdaway, Committee Co-Chair